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UNFPA INTERNAL AUDIT AND OVERSIGHT ACTIVITIES IN 2005

Report of the Executive Director

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I. INTRODUCTION

1. Pursuant to decisions 2004/17 and 2004/39 on a framework for resolution of issues contained in internal audit reports, and to a request made by the Executive Board at its second regular session in 1996, the Executive Director is pleased to present to the Board a summary of the internal audit and oversight activities of UNFPA in 2005.

2. During its annual session in 2005, the Executive Board urged UNFPA to base its oversight and accountability activities on a corporate risk model and develop risk-assessment functions in its audit offices. In decision 2005/19, the Board also encouraged UNFPA to strengthen analysis of the outcomes of audits; nationally executed projects; and the follow-up actions taken by project management to address audit observations and recommendations.

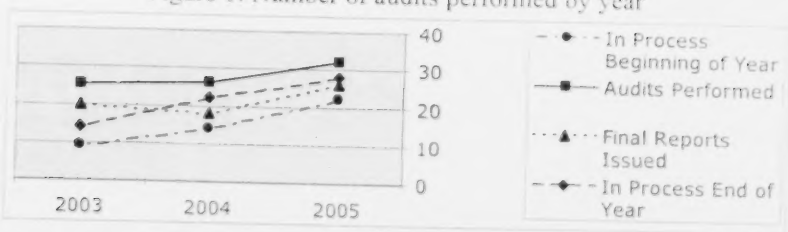
3. In compliance with the request by the Executive Board, the present report on internal audit and oversight activities presents a new structure to allow a prospective analysis of the risk universe of UNFPA. This report delineates a transition from the traditional enumeration of audit findings to the mapping of risks and the analysis of trends. The purpose of the new format is to provide the Executive Board with a tool that facilitates the identification of risks and actions taken by the organization to minimize them, and the follow-up of recommendations. This transition offers two challenges: being the first of a series of prospective analyses, the present report may not cover complete time series since many variables were not measured in the past; secondly, the report is based on risk management, a method which, recently introduced in UNFPA, will require a learning process and a cultural adaptation throughout the organization.

II. INTERNAL AUDIT AND REVIEW ACTIVITIES

A. Activities in 2005

4. Since 2003, UNFPA has steadily increased the number of audits performed and audit reports issued (see figure 1). In 2005, the UNFPA Division for Oversight Services (DOS) carried out 32 internal audits.

Figure 1: Number of audits performed by year



5. In 2005, pursuant to Executive Board decision 2005/19, DOS performed two audits at headquarters. One audit reviewed the migration from the previous financial system named Integrated Management Information System (IMIS) to the new system called Atlas. The other audit reviewed the Fund's Humanitarian Response Unit.

6. The internal audit and review activities carried out during 2005 included the following:

(a) Management audits of 17 offices (12 in the Africa region, one in the Latin America and Caribbean region, two in the Arab States and Europe region, and two in the Asia and the Pacific region);

(b) Review of a sample of 211 audit reports covering 2004 activities for projects executed by Governments and non-governmental organizations (NGOs) carried out by the UNFPA Audit Services Branch with the assistance of a consultant;

(c) Contracted audits in six country offices in the Asia and the Pacific region and seven country offices in the Arab States, Europe and Central Asia region.

7. In 2005, 1,380 recommendations were issued. Table 1 below shows the distribution of audit recommendations by risk category and level of impact (high, medium or low).

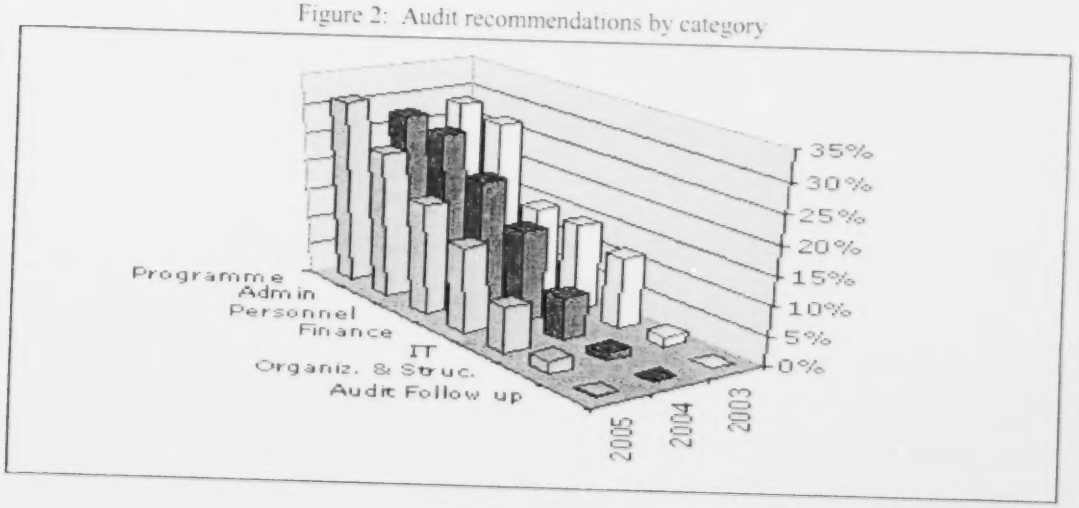
Table 1: Risk level of recommendations

Risk category	High	Medium	Low	Total
Process	463	556	63	1,082 (78%)
Technology & Systems	41	68	0	109 (8%)
People	49	52	4	105 (8%)
Relationship	23	27	1	51 (4%)
External	12	20	1	33 (2%)
Total	588 (43%)	723 (52%)	69 (5%)	1,380 (100%)

B. Country office audits

8. The trend in the audit recommendations issued in 2003, 2004 and 2005 as well as the breakdown by category are depicted in figure 2.

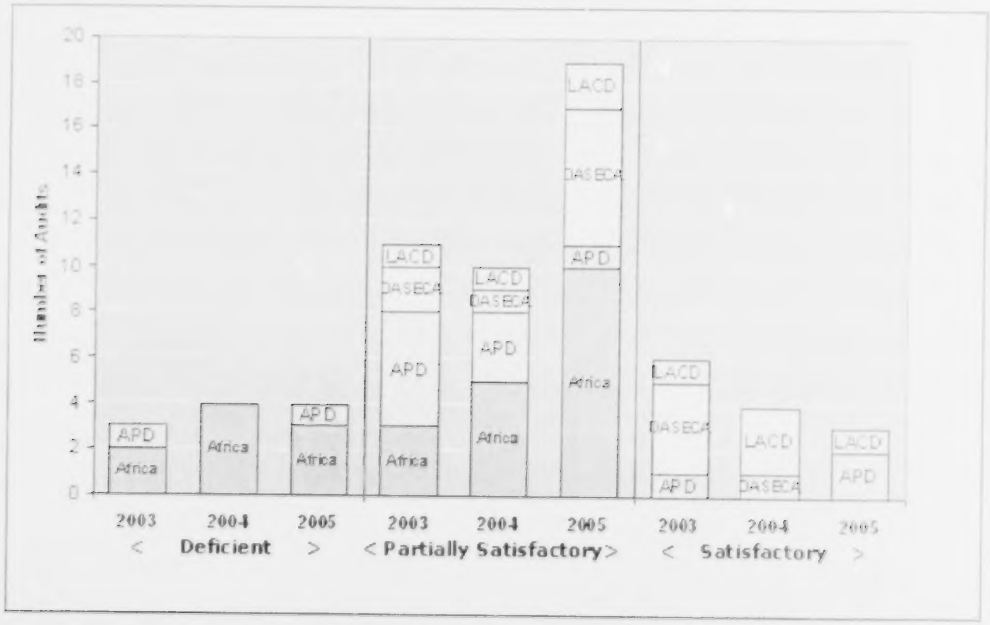
Figure 2: Audit recommendations by category



9. Figure 2 shows that there has been no significant change in the distribution of audit recommendations by category over the past three years.

10. Of the 26 reports issued in 2005, the level of internal controls and the compliance with financial, administrative and programme requirements were found to be satisfactory in three offices, partially satisfactory in 19 offices and deficient in four offices. Figure 3 gives the breakdown of audit ratings by region and by year. It shows that two regions are exposed to higher risks. This higher vulnerability is mostly due to programme execution by partners and cash transfer modalities. This recurring issue is a matter of concern as it induces financial risks and contributes also to low ratings of internal audits of country offices. In some cases, management should consider the opportunity cost of implementing programmes through direct execution and payment while cooperating with other United Nations entities to enhance local management capacity. The following section on national execution (NEX) offers some perspective for consideration.

Figure 3: Breakdown of audit ratings by geographical divisions[1]



C. Nationally executed project audits

11. In 2005, UNFPA received NEX audit project reports for expenditure amounting to $86,875,334, representing 77 per cent of the total expenditure incurred on projects executed by Governments and NGOs. DOS reviewed the audit reports only for the year ended 31 December 2004, as the reports for the year ended 31 December 2005 are submitted commencing in March 2006. A key challenge is that the

[1] APD = Asia and the Pacific Division; AD = Africa Division; DASECA = Division for Arab States, Europe and Central Asia; LACD = Latin America and Caribbean Division.

reliability of current national execution processes is not improving over time. In 2004, 32.7 per cent of all NEX reports received were qualified, as opposed to 29.6 per cent for 2003. There are two categories of risks in NEX, one related to external risks and the other related to the audit process of NEX, both being interrelated: the former is a function of the quality of the governance of implementing partners, a parameter over which the United Nations system has little leverage; the latter relates to the ability and the possibility of UNFPA country offices to commission quality NEX audits.

12. Figure 4 gives an overview of the quality of NEX audits. UNFPA country teams do not always have the capacity to manage the NEX audit process or cannot rely on the quality of audits outsourced locally. Of the 211 audit reports for 2004 that were reviewed and evaluated, covering 44 countries, there were marginal improvements in comparison to 2003 (see figure 5) as regards the adequacy of the audit plan and scope; and the adequacy of the country office's assessment of the resultant reports, and of the action plan.

13. The impact of the risk related to NEX is not to be neglected. It is estimated that approximately 4 per cent of the total amount of NEX expenditure cannot be accounted for. The main causes identified by the NEX auditors relate to problems in national execution, such as over-expenditure, or insufficient documentation, absence of reconciliation of accounts, under- or over-statement of charges, or incorrect chart of account. This is why the organization is planning to enhance risk management and review the efficacy of the new cash transfer modalities adopted by the United Nations Development Group (UNDG) Executive Committee agencies.

Figure 4: 2004 NEX evaluations

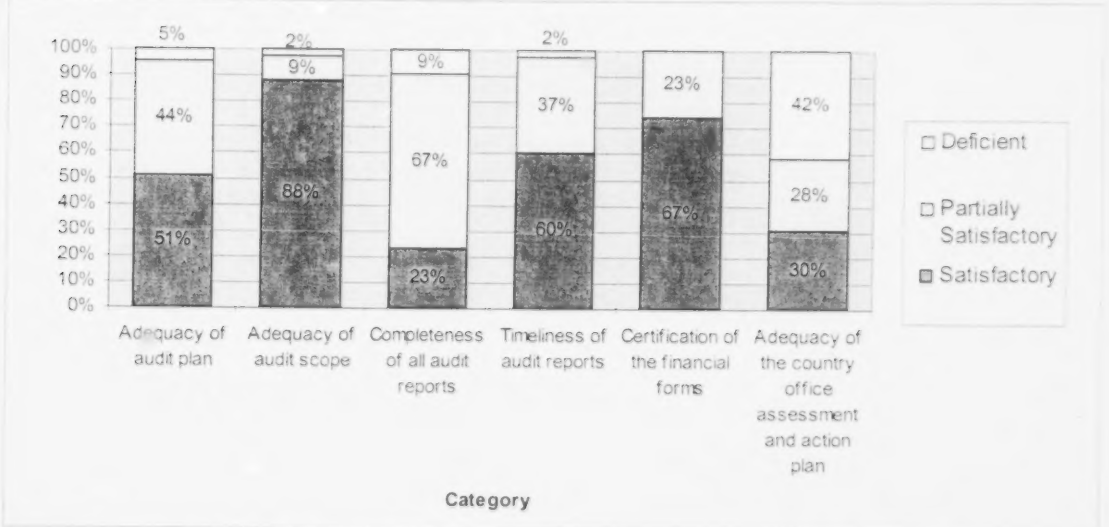
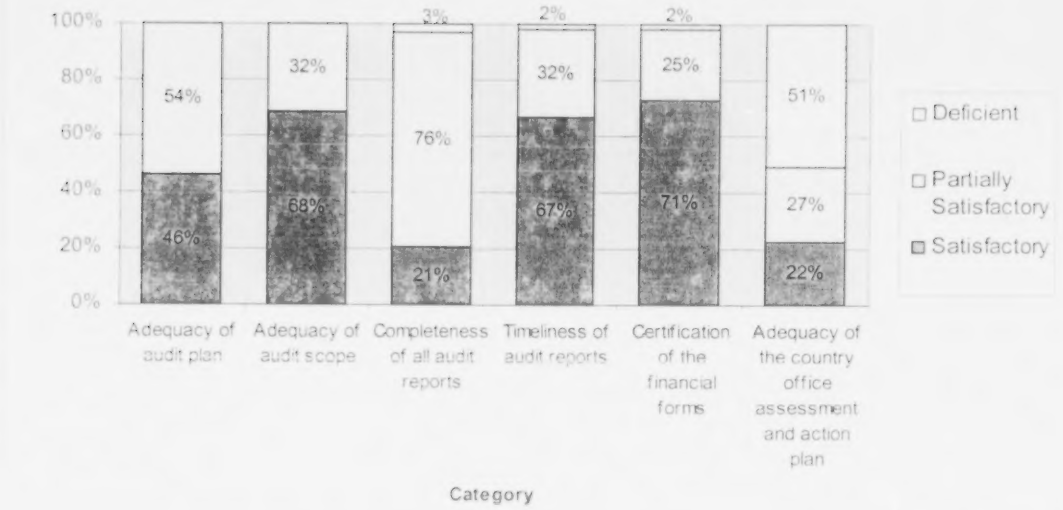


Figure 5: 2003 NEX evaluations



D. Private sector pro bono offer

14. In March 2005, the United Nations, including its funds, programmes and specialized agencies, signed an agreement with PricewaterhouseCoopers accepting a pro bono offer of 8,000 hours of professional services. The services were offered to assist with efforts to enhance accountability and transparency of the use of the contributions made under the Tsunami Flash Appeal. This agreement is the first major pro bono agreement between the United Nations and the private sector with the express goal of improving transparency and accountability.

15. UNFPA was allocated 1,000 hours of professional services, and engaged PricewaterhouseCoopers to provide two services: risk management; and forensic data analysis.

Risk management

16. This exercise involved assessing UNFPA financial, reputational and operational vulnerabilities and taking the steps necessary to mitigate them. UNFPA has completed the first step, which involved compiling a matrix highlighting the organization's key risks. Senior UNFPA staff members from all departments were involved in this process.

17. UNFPA is about to begin the second step which involves testing the controls which exist to mitigate identified risks; determining the adequacy of the controls; and making recommendations for further strengthening them.

Forensic data analysis

18. PricewaterhouseCoopers is using their proprietary software to analyse UNFPA Atlas data (in tsunami-affected countries) with the aim of identifying potential fraud, anomalies and other irregularities. UNFPA is conducting this process in conjunction with UNDP in order to save man-hours and also because the Atlas system is shared with that agency. Given the volume of information and the time spent by PricewaterhouseCoopers in understanding UNFPA systems, the first phase of this process was only recently completed.

E. Inter-agency cooperation and harmonization

19. UNFPA participated in the working groups dealing with oversight mechanisms related to harmonized cash transfer modalities, multi-donor trust funds, and cooperation and financing with international organizations like the European Union and the World Bank. As requested by the Executive Board, UNDP, UNFPA, UNICEF and WFP continue to examine common ways to standardize audit ratings based on risk management.

F. Oversight committee

20. The Executive Director decided to further strengthen oversight procedures of UNFPA by appointing an oversight committee of five independent members with a charter consistent with industry standards and the guidance provided by the Secretary-General. The Oversight Committee will advise the Executive Director on:

(a) The strategic processes for risk control and governance, and the internal control framework, including information technology security and control;

(b) The accounting policies, the financial statements, and the annual report of the organization, including the process for review of the financial statements prior to submission to the United Nations Board of Auditors, levels of error identified, and management's letter of representation to the United Nations Board of Auditors;

(c) The planned activities and results of both internal and external oversight entities;

(d) Any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees;

(e) Adequacy of management response to issues identified by audit activity, including the observations and recommendations by the United Nations Board of Auditors;

(f) Assurances relating to the corporate governance requirements for the organization;

(g) Proposals for tendering for purchase of either internal audit or non-audit services from contractors who provide audit services.

21. To that effect the Oversight Committee is empowered to:

(a) Make recommendations in case of disagreements between management and oversight bodies;

(b) Pre-approve all auditing services;

(c) With the approval of the Executive Director, to retain outside counsel or persons having special competence as necessary;

(d) Seek any information it requires from employees – all of whom are directed to cooperate with the Committee's requests – or external parties;

(e) To ask any official of the organization to assist the Committee with its discussions on any particular matter;

(f) Meet with UNFPA officers, United Nations Board of Auditors or outside counsel, as necessary.

22. The modus operandi of the Oversight Committee will be re-examined after the completion of the comprehensive review of governance arrangements within the United Nations and its funds, programmes and specialized agencies.

G. Fraud monitoring and control activities

23. UNFPA undertook a number of initiatives in 2005 with regard to fraud monitoring and control activities. These include the following:

(a) A policy was created informing staff of the organization's zero tolerance towards fraud and other serious unethical behaviour. In addition, a circular on fraud was launched by senior management describing the accountabilities and responsibilities of all staff members;

(b) An online whistle-blower hotline was established on the UNFPA web site at www.unfpa.org. This service allows both staff and the general public to anonymously report any offences involving UNFPA for further investigation;

(c) Discussions were held with international private sector accounting firms on implementing a cost-effective anti-fraud programme and controls methodology within UNFPA, which is consistent with the Committee of Sponsoring Organizations of the Treadway Commission better practice. A request for a proposal will be issued to these firms by mid-2006.

H. Staffing

24. DOS comprises two Branches: (a) the Oversight and Evaluation Branch; and (b) the Audit Services Branch. The staffing status is presented in table 2 below. Authorized posts in the Oversight and Evaluation Branch include one Chief, four Evaluation Advisers and two support staff; and in the Audit Services Branch, one Chief, five Audit Specialists at headquarters and two based in Africa, as well as two support staff.

Table 2: Staffing as at 31 December 2005

Functional title	Authorized	Encumbered	Vacant
Director and Managers	3	2	1
HQ Audit Specialists	5	4	1
Outposted Audit Specialists	2	2	0
Evaluation Advisers	4	3	1
Support staff	5	5	0
Total	19	16	3

25. Two audit specialists joined DOS during the first quarter of 2005 while another one left in the third quarter. The recruitment for the posts of Chief, Oversight and Evaluation Branch/Deputy Director and Evaluation Adviser is in process and should be completed by the fourth quarter of 2006. To be more effective the division would require one additional auditor and one investigator.

I. Developing capacity in risk management

26. As part of continuous staff development, the Audit Services Branch staff received training on audit software to improve the efficiency of the audit process as well as on enterprise risk management. In addition, the staff attended a two-day training on the basics of fraud controls with PricewaterhouseCoopers in September 2005 and received additional in-house training on the Atlas software. The two Audit Specialists who joined in 2005 also attended the Operations Managers training held in August 2005. All auditors received training in using ACL™ software.

27. Following a proactive and preventive approach, DOS facilitated sessions during the training for UNFPA Operations Managers and Representatives organized by the Fund's Learning and Training Branch; provided advice to country offices and headquarters units on their follow-up actions to audits and on audit requirements for NEX projects; and briefed UNFPA Representatives. The division also provided inputs for the drafting of policies and procedures and was regularly consulted whenever systems and procedures for internal controls were reviewed. Furthermore, staff actively participated as members of several inter-agency working groups advancing UNDG initiatives for simplification and harmonization. These working groups created opportunities for inter-agency information sharing as well as for improvements in internal controls.

III. RISK MANAGEMENT IN UNFPA

A. Risk classification

28. The purpose of risk management in UNFPA is to strike an optimal balance between the maximization of the organization's impact (as defined in the UNFPA mission statement) and related risks. Maximizing impact requires that the organization takes risks in being on the leading edge in its field of

expertise, and in working in adverse or unreliable environments. This approach requires that UNFPA accept risk as part of its operations and minimize its potential negative impact involving, for example, loss of reputation or of capacity to serve clients resulting for instance from inadequate or failed internal processes or from external events.

29. For the purpose of the present and subsequent reports, it is important that the classification of risks is structured to enable analyses and to provide comparable results over time. Categorization must be done consistently and should follow a logical pattern. To better fit with its mandate and operations framework, UNFPA has followed the model proposed by the Zurich Strategic Risk Group[2], which is a modification of the Basel Committee on Banking Supervision (BCBS)[3] model.

30. The five categories of risks are:

(a) People: loss events resulting from the actions or inactions of a person who works for UNFPA entities (headquarters, regions, country offices);

(b) Business process: loss events arising from UNFPA execution of business operations;

(c) Relationships: loss events caused by the interaction with clients, regulators, or third parties. For instance, this category would cover the risks related to the execution of country programmes;

(d) Technology: loss events due to piracy, theft, failure, breakdown, or other disruption in technology, data or information. This category also includes technology that fails to meet the intended business needs;

(e) External: loss events caused by people or entities outside UNFPA (the organization cannot control their actions).

31. This classification will be adopted for all risk management activities through a systemic approach including oversight activities, risk mapping, improvement of risk controls, and reporting to the governing bodies.

B. Risk model

32. The purpose of the risk model is (a) to assess the risk profiles of UNFPA entities and therefore to decide on the priorities of the audit missions to be undertaken in the year by the Division for Oversight Services; and (b) to keep track of the Fund's risk universe. The risk model developed for the selection of the field audit locations in 2006 maintains the importance of more frequent audits of the larger (in terms of financial expenditure) and more risky entities. The model also includes considerations of financial management and programme performance to strengthen what appear to be under-performing entities. The quantitative aspects of the model serve as the basis for further analysis and for further discussion with the oversight committee.

33. The risk model used last year was reviewed and improved to include additional indicators of external risk such as governance and NEX audit processes. These indicators provide management with opportunities to more clearly focus the limited oversight resources on those entities that require strengthening. The model will continue to be improved through an iterative process based on the accumulation of a series of data, and a more accurate weighting of variables. The model will also be

[2] Gene Alvarez, "Operational Risk Event Classification", Zurich IC Squared, www.ic2.zurich.com.

[3] Bank for International Settlements, "Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework, November 2005.

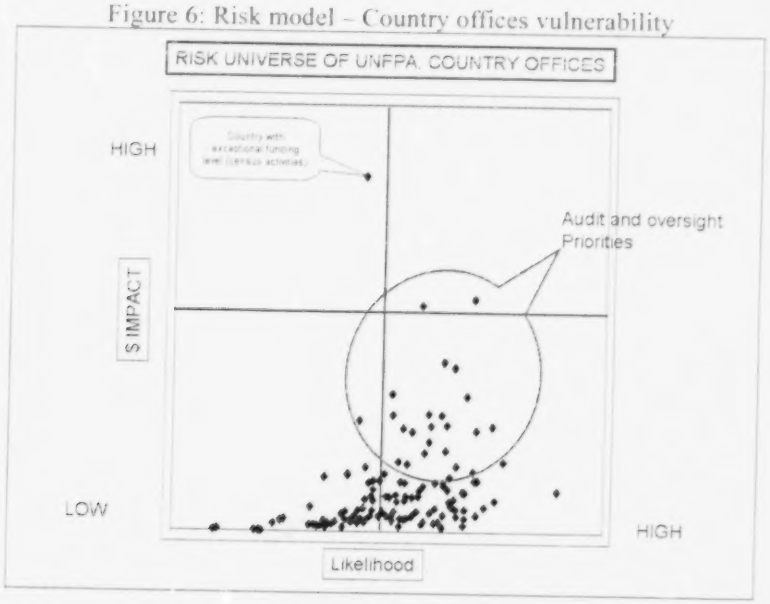
further expanded to incorporate other entities (headquarters divisions and units and regional entities). The list of variables is provided in annex 2.

C. Risk model results

34. The risk model gives two types of results: (a) an entity-specific risk assessment, based on the 14 independent variables listed in annex 2; and (b) a global one, based on the aggregation of variables for each risk category.

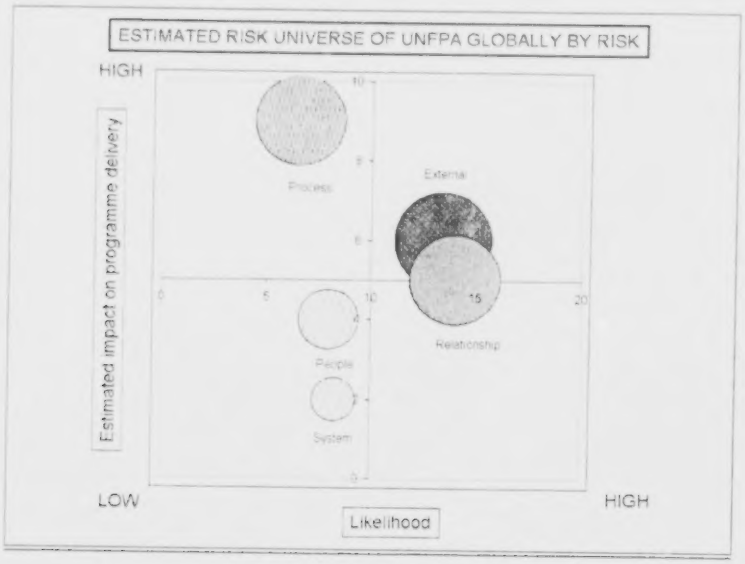
35. Figure 6 shows the risk universe of UNFPA country offices. This tool is updated every year to track changes in the risk universe of UNFPA and to plan audit engagements and optimize the use of resources.

Figure 6: Risk model – Country offices vulnerability



36. The aggregation of variables by categories of risk enables the model to assign each risk with a likelihood (i.e., the probability of occurrence), an impact (the monetary effect), and to compute both to assess vulnerability. The results of this methodology are depicted in figure 7, a matrix showing two dimensions, namely, impact and likelihood.

Figure 7: Risk universe of UNFPA



37. Each circle in figure 7 above represents a category of risk as described in annex 1. The size of each circle is proportional to the "vulnerability", i.e., the sum of all products of the likelihood by estimated dollar impact for each category of risk.

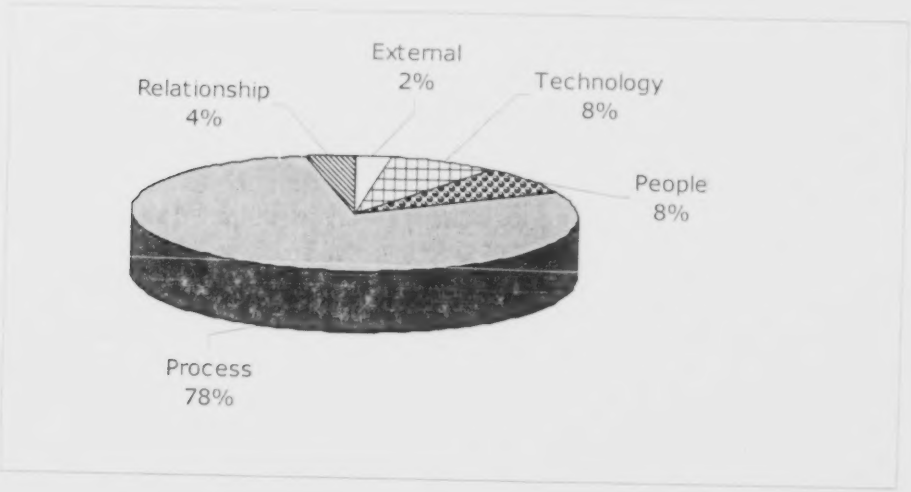
38. Figure 7 shows three circles with high expected values: process, external, and relationship. In order to minimize the residual risk, management should focus on "process" and "relationship" as UNFPA has little leverage on external risks. For both "process" and "relationship", risk minimization could be achieved by better compliance with UNFPA rules, regulations and procedures and through better monitoring of advances made to partners, and more reliable controls in partners' management procedures. This will be further validated by the analysis of data in the section below.

39. As noted in the introduction of the present report, the model will further improve as DOS collects data over the years (standard data collection), and completes the systemic approach it initiated in 2006. It is expected that in approximately two to three years, UNFPA will be able to assess the likelihood of risks with more accuracy.

IV. ANALYSIS AND TRENDS BY RISK CATEGORIES

40. The distribution of 2005 audit observations by categories of risk is depicted in figure 8.

Figure 8: 2005 Audit observations by risk category



A. Process risks

41. Process risks are defined as the risks related to the execution of transactions and the various aspects of running UNFPA business processes, including programmes, products and services. Process risks by area (see figure 9) include the following:

(a) Programme management: risks pertaining to monitoring resource mobilization, partner contributions, project budgets, project expenditure and project advances; project development and approval process; preparing and implementing monitoring and evaluation plans; planning and implementing the NEX audit process by UNFPA, partners and auditors; project closure process; preparation of financial reports by partners;

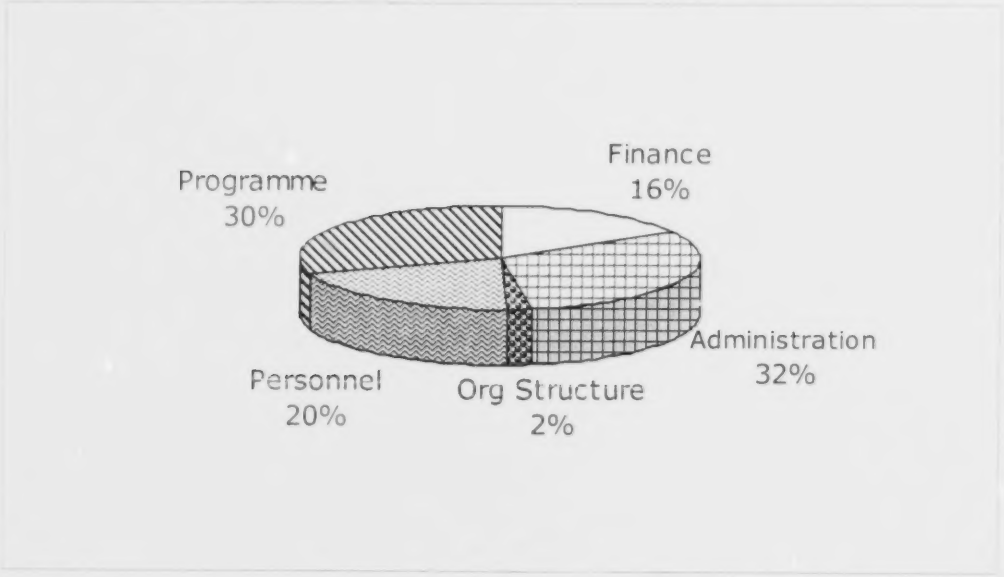
(b) General administration: risks pertaining to procurement procedures including competitive selection and approval; evaluation of suppliers; vendor database maintenance; inventory management; vehicle management; travel management;

(c) Personnel and organizational structure: risks pertaining to contracting process; staff performance evaluation and development; general organization of the office; guidance from headquarters;

(d) Finance: risks pertaining to management of cash advances; disbursement and financial monitoring processes;

(e) Information technology: risks pertaining to Atlas user access rights; back-up and disaster and recovery plans.

Figure 9: Breakdown of causes of process risks



B. Other risks

Technology and systems risks

42. The main areas of technology risks in 2005 are listed below:

Technology risk areas	*Per cent of total (technology risks)*
Computer security and maintenance	48%
Disaster recovery plan and back up of data	35%
Communication systems – email; internet connectivity	9%
IT hardware	5%
Other	3%
Total	**100%**

43. In May 2005, a report evaluating the implementation of PeopleSoft (Atlas) was prepared by external consultants funded by UNDP, UNFPA and UNOPS. The report highlighted improvement in business processes. The Atlas system allows better financial monitoring including cash advances to implementing partners, and facilitates the monitoring of UNFPA assets. However, the report also identifies a number of areas to build on, e.g., the need for additional training for staff, as well as some technical issues.

People risks

44. The main areas of people risks in 2005 are given below:

People risk areas	*Per cent of total (people risks)*
Timely appointment and competitive recruitment process	19%
Staff training	19%
Leave and attendance records	10%
Special service agreement (SSA)/Service contract modalities, competitive selection and assessment	10%
Job descriptions and organizational chart issues	7%
Performance appraisal and development (PAD) appraisals	5%
Other	30%
Total	**100%**

Relationship risks

45. The main areas of relationship risks in 2005 are listed below:

Relationship risk areas	*Per cent of total (relationship risks)*
Compliance with requirements and finalization of project documents and letters of understanding	59%
Financial closure of projects	8%
UNDP common services	6%
Other	27%
Total	**100%**

External environment risks

46. The main areas of external risks in 2005 are listed below:

External risk areas	*Per cent of total (external risks)*
Adjustments and recovery relating to inadequate partner accountability	39%
Filing and registration – e.g., opening bank accounts; signing workplans	29%
Validation of counterpart signatures	14%
Securing and recording assets at risk of theft	14%
Other	4%
Total	**100%**

C. Responding to risks

Programme

47. The revised UNFPA Policies and Procedures Manual provides, inter alia, expanded guidance to country offices on the formulation and monitoring of resource mobilization plans. Country offices are organizing training for implementing partners on UNFPA financial and administrative requirements. Also, during monitoring visits, country office staff review the financial and administrative processes in place for projects to ensure that they meet the requirements for proper internal controls. In addition, DOS reviews the action plans on the implementation of audit recommendations prepared by the implementing partners with the assistance of country offices and provides comments to strengthen internal controls where needed.

48. The Atlas system provides country office managers with additional tools to strengthen their oversight of project budgets and expenditures. The increased emphasis and guidance on monitoring and evaluation in the revised UNFPA Policies and Procedures Manual is expected to reduce the risk and magnitude of weaknesses. The new NEX processes set up by the UNDG Executive Committee agencies are being implemented starting in 2006 and are expected to reduce the risks and potential impact of NEX audit weaknesses on the programme. To address the project closure risks, managers are being reminded of their duties to adhere to project closure procedures and the Atlas system is allowing managers to monitor financial information in a more timely manner. To improve the quality of financial reports prepared by partners, offices are continuously training partners, however the high turnover rates and vacancies in partner staff are hampering efforts in this area.

Human resources and organizational structure

49. The risk management plan envisages the following with regard to human resources and organizational structure:

(a) Country offices commit to revising their organizational charts to reflect the new typology;

(b) The implementation of the performance appraisal and development system to ensure compliance with requirements is ascertained by consistent follow up by focal points from the Division for Human Resources;

(c) Training of country office staff is included in the planning phase of the performance appraisal and development system. The offices commit to preparing a training plan early in the year and monitoring its implementation;

(d) Offices commit to following a competitive recruitment process, preparing performance evaluations for individuals on service contracts and special services agreements and meeting reporting requirements.

Finance

50. The Fund's Financial Rules and Regulations were updated in 2005. UNFPA has also drafted an internal control framework. The document aims at assisting country offices in implementing effective internal controls. It outlines many of the internal controls considered useful in safeguarding the assets of the organization and covers a wide scope of the many components of internal control including planning,

monitoring, communication, segregation of duties, individual authorities and accountabilities. This document will be issued in 2006.

51. Furthermore, the Operations Managers who joined in 2005 received a two-week training at headquarters and are expected to enhance country office managerial capacity, as well as contribute to a more consistent application of controls in the field.

Technology and systems

52. The Atlas Project Executive Committee is fully committed to and engaged in supporting the strategies and activities needed to identify and resolve the current problems and to realize significant improvement in the Atlas system. The issues identified are classified as: (a) low priority issues which require no action at this time; (b) medium or high priority issues (but of low complexity) which UNFPA can take action on – most of these issues have been addressed; and (c) medium or high priority items of high complexity requiring joint action by UNDP and UNFPA. Decisions on how to proceed on these items have been taken and actions initiated. Some actions have been completed but others will require additional time for completion.

V. CONCLUSION

53. The present report is an "interim" document for it attempts to capture the features of the risk universe of UNFPA with data initially formatted for a more traditional analysis of audit issues. Since the report is based on a new approach, an intensive review and analysis was required to aggregate and link different sets of data in a reliable way. The new approach delineated in the present report is the first step of an iterative longitudinal data collection and monitoring process that should enable a more accurate measurement of the likelihood and impact of risks. In two or three years, when it can rely on additional time series, the model will generate a "risk dashboard" for the whole organization. This dashboard will be a tool to better assess areas of vulnerability, to improve internal controls, and eventually to minimize residual risk. Although it seems straightforward at first sight, this new approach has complex implications regarding the way the organization should develop its internal control framework and enhance its culture of accountability.

54. The way to minimize residual risk is to strengthen the internal control framework, that is "the process effected by management designed to provide reasonable assurance regarding the objectives in (a) effectiveness and efficiency of operations, (b) reliability of financial reporting, and (c) compliance with applicable rules and regulations."[4] In 2005, UNFPA started developing an internal control framework and will continue its development on a continuous basis to make it as COSO compliant as possible. By assessing a comprehensive portfolio of risks and by linking it to a risk response (the internal control framework), UNFPA is de facto adopting enterprise risk management, a much larger concept looking at the potential impact of risk on the achievement of the mandate of the organization. The path adopted by the organization is progressive, starting with the assessment of risk, adopting control measures, eventually developing into risk management aiming at an acceptable level of risk appetite, i.e., the amount of risk UNFPA would be willing to accept in pursuit of its mission while remaining on the leading edge of its area of expertise. This progressive approach is a practical and affordable way to implement enterprise risk management in UNFPA, and to induce the required change in the culture of the organization.

[4] The Committee of Sponsoring Organisations of the Treadway Commission (COSO), Enterprise risk management – Integrated framework, September 2004.

55. While the notion of "accountability" has been well integrated in the culture of the organization, its materialization in daily operations leaves room for improvement. The notion of "risk" may offer an interesting opportunity to raise awareness about gaps and to monitor the effects of corrective measures. Risk management is the responsibility of every staff member and should become an explicit part of everyone's job description. However, to enable this change in culture, UNFPA will have to undertake an organization-wide sensitization on risk management very soon. This will require additional resources.

56. Although managers are directly responsible for operations, including risk management, they need the support of an oversight function that works beyond traditional compliance and plays a catalytic role in evaluating effectiveness and efficiency and recommending improvements. Towards that end, the Executive Director requested the UNFPA Division for Oversight Services to take several initiatives. The first step in this process consists of the revision of the audit programme to enable managers and auditors to examine observations, to map risks, to reassess risk tolerance, and to identify proper controls and monitoring. The audit programme has been structured to be pertinent to the classification of risks so that audit observations, including their financial impact can feed into the risk model. The second step in the process is to build greater synergy between audit and evaluation functions within the division to assess efficiency and effectiveness in a larger and more integrated context. The third step will address the issue of the integrity and consistency of data generated and collected during oversight activities for effective benchmarking and monitoring performance in UNFPA entities. To achieve its mandate the organization has to take risks: technical risks, for example, when it experiments with innovative ways to support women, especially in the most destitute communities; financial risks, for example, when it relies on partners for the execution of programmes; and political risks, for example, when it challenges harmful traditional practices. In order to enhance its reliability, efficiency, effectiveness and competitive advantage, UNFPA will seek to minimize the levels of residual risks through a systemic approach. This is the essence of risk management, a complex and promising process, which will require the support not only of all managers in the organization, but also of the members of the Executive Board.

VI. RECOMMENDATION

57. **The Executive Board may wish to take note of the present report (DP/FPA/2006/4) and comment on the reporting format.**

Annex 1: Risk groups and description

Category of risk	Description	Examples of causes
External risk	The risk of loss due to damage to physical property or assets from natural or non-natural causes. This category also includes the risk presented by actions of external parties, such as the perpetration of fraud, or in the case of regulators, the execution of change that would alter UNFPA ability to continue operating in certain countries.	• External misdeeds: External fraud, external money laundering, inadequate partner accountability, corruption, etc. • Disasters: Natural disasters, non-natural disasters, etc. • Litigation/regulation: Regulatory change, legal change, etc.)
People risk	Loss events resulting from the actions or inactions of a person who works for UNFPA. The risk of a loss intentionally or unintentionally caused by an employee – i.e., employee error, employee misdeeds – or involving employees, such as in the area of employment disputes. This risk class covers internal organizational problems and losses.	• Human resource issues: This would cover long vacancies in critical management posts, employee unavailability, hiring/firing, inadequate capacity, etc. • Personal injury – Physical injury: This would include physical harassment, bodily injury, health and safety, etc. • Personal injury – Non-physical injury: Libel/defamation/slander, threats, discrimination/harassment, etc. • Wrongful acts: Fraud, trading misdeeds, infractions of the United Nations standard of conducts. • Employee errors (general transaction errors, incorrect routing of transaction, errors in vouchers, funding authorization and certificate of expenditures, personnel, records, etc.
Process risk	The risks related to the execution and maintenance of transactions, and the various aspects of running UNFPA business processes, including products and services.	• Business process: Lack of proper due diligence, inadequate/problematic account reconciliation, non-recovered advances, incorrect procurement procedures, etc. • Inadequate assessment of business risks: Joint-programming risk, new programme deliveries, operations research activities. • Errors and omissions: Inadequate/problematic security (information technology and staff security), inadequate/problematic quality control, inadequate segregation of duties, misuse of passwords. • Ignored specific liabilities: Employee benefits, employer, directors and officers, etc.

Category of risk	Description	Examples of causes
Relationship risk	Losses arising from the relationship or contact that UNFPA has with its clients, stakeholders, executing or implementing third parties, Governing bodies, donors.	• Funding and support discrimination: Stakeholders and partners discrimination, etc. • Negligence: Gross negligence, general negligence, inappropriate behaviour with counterparts, inadequate political statements or choices, etc. • Specific omissions: Failure to pay proper fees, failure to file proper report, etc. • Violations of legal and contractual obligations: Significant deviations from the country programme document, country programme action plan, and annual work plan in programme strategy and implementation, inadequate reporting to donors, breach of confidentiality, etc.
Technology and systems risk	The risk of loss caused by a piracy, theft, failure, breakdown or other disruption in technology, data or information; also includes technology that fails to meet business needs.	• General technology problems: Operational error – technology related, unauthorized use/misuse of technology, etc. • Hardware: Equipment failure, inadequate/unavailable hardware, etc. • Security: Hacking, firewall failure, external disruption, lack of backup • Software: Use of unlicensed software, computer virus, programming bug, etc. • Systems: System failures, system maintenance, telecommunications, etc.

Annex 2: Risk model – List of variables

Category of risk	Variables
External risk	1. NEX accountability: Per cent of NEX expenditure audited and ratings on NEX audit reports 2. World Bank governance rating
People risk	3. Vacancy in representative, deputy representative or country director
Process risk	4. Financial performance other resources and regular resources 5. Local expenditure dynamics (relation to patterns of disbursements) 6. Monitoring and evaluation activities investment in the two previous years 7. Previous audit rating 8. Programme cycle evaluation, countries starting new country programmes are higher risk 9. Requisition dynamics and purchase orders dynamics (time pattern) 10. Time since last audit 11. Vacancy in representative, deputy representative or country director
Relationship risk	12. Operating fund account management 13. Resource mobilization performance
Technology and systems risk	14. Quality of Atlas input

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UNITED NATIONS POPULATION FUND

PERIODIC REPORT ON EVALUATION

Report of the Executive Director

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I. INTRODUCTION

1. This report is submitted to the Executive Board in response to Governing Council decisions 92/30 and 90/35A, which requested the Executive Director to report biennially on evaluation activities.

2. Following the introduction, section II of the present report provides details on evaluation and evaluative activities[1] undertaken within UNFPA during the biennium 2004-2005. These activities include both independent evaluations as well as activities related to the implementation of results-based management. Section III of the report addresses a key accountability issue pertaining to whether UNFPA evaluations provide reasonable assurance that the Fund's evaluation work is reliable and relevant, and that interventions are achieving their intended results. Focusing on key findings from evaluations conducted during 2004-2005, section IV highlights in particular how select evaluation results are being used to support organizational learning and improve UNFPA programming in key priority areas, namely: gender mainstreaming; reproductive health; emergency and humanitarian assistance; and population and development. Section V of the report presents conclusions and future directions. Section VI contains elements for a decision.

II. EVALUATION ACTIVITIES CONDUCTED DURING 2004-2005

Overview

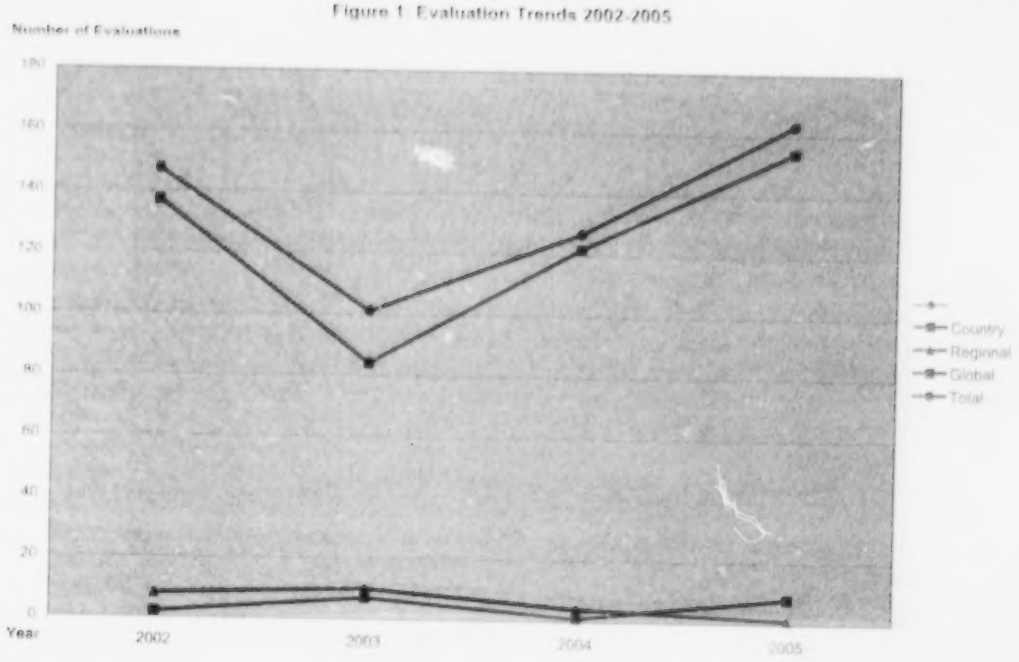
3. During the period 2002–2005[2], UNFPA conducted 497 country level evaluations, 23 regional and 18 global evaluations. Figure 1 illustrates the trend in the number of country, regional and global evaluations during this period. The figure shows a variable but rising trend. Variations occur from year to year because the number of evaluations conducted depends on the stage of the programme and project cycles. Typically, midterm evaluations are conducted in the third year of the country programme cycle and final evaluations in the fifth year of the cycle. Most of the evaluations were conducted by national experts (in 2005, for example, 86 per cent of all evaluators engaged in country level evaluations were national experts) either solely or together with international evaluators or Country Technical Services Team (CST) advisers. Three out of eight global evaluations conducted during 2004-2005 were undertaken jointly with other United Nations agencies.

4. Overall, monitoring and evaluation are becoming more participatory. Almost all country offices involve national counterparts in planning, monitoring and evaluation activities. Almost two thirds of the country offices also involve donors in these activities, including those donors that are present in the country, but not directly funding UNFPA programmes. The number of country level evaluations conducted jointly with government counterparts, donors and United Nations agencies increased during the period 2002–2005 from seven in 2002 to 39 in 2005.

[1] These activities are quite distinct from evaluation and provide baseline data to effectively monitor and evaluate programme design, implementation and impact.

[2] While the present report focuses on the period 2004-2005, in order to illustrate trends, data from the period 2002-2003 has also been taken into consideration, as appropriate.

Figure 1. Evaluation Trends 2002-2005

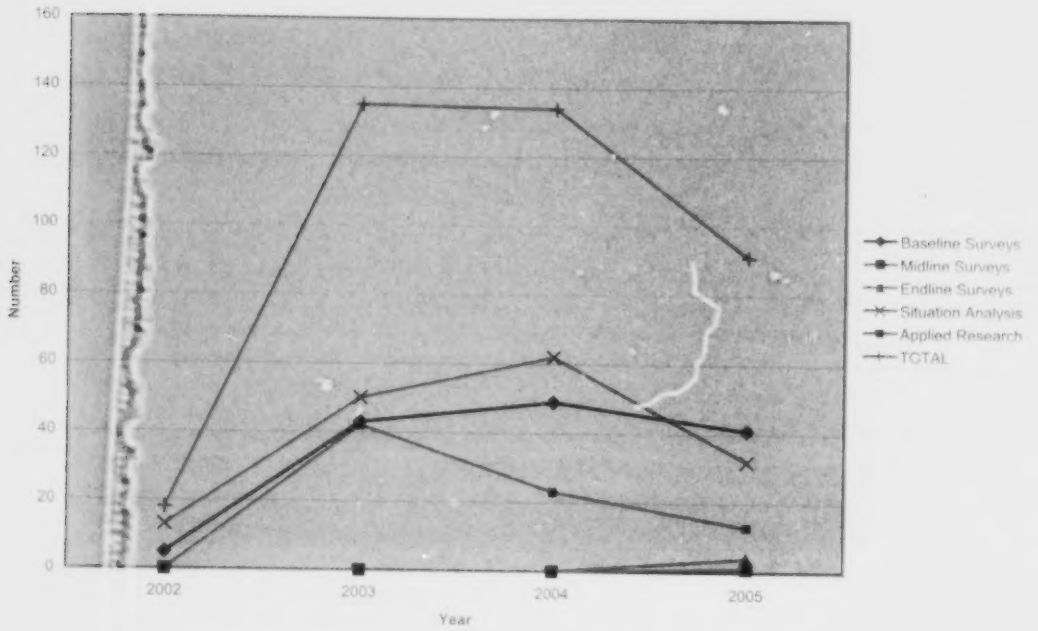


5. Compliance with UNFPA evaluation guidelines for countries ending their country programmes was 90 per cent in 2002–2003 and 73 per cent in 2004–2005. The difference may be explained by the fact that in 2004, UNFPA introduced new guidelines for country programme evaluation mandating the evaluation of programme outcomes and all pilot and demonstration projects at the end of the programme cycle. This replaced the former comprehensive country programme evaluation. Country offices are in the process of making the transition to meet the new requirements.

6. In addition to evaluations, a number of evaluative activities such as baseline surveys, situation analyses and applied research are organized by UNFPA country offices to enable results-based programme planning, monitoring and evaluation. Figure 2 provides an overview of country level evaluative activities conducted during the period 2002–2005.

7. During the period 2004-2005, UNFPA country offices conducted 225 evaluative activities compared to 153 during 2002-2003. The increase in the number of baseline surveys, situation analyses and applied research conducted during the period 2002-2004 is explained by the fact that 41 per cent of UNFPA country programmes were at the beginning of their five-year cycle. It should be noted that in 2005, four countries conducted endline surveys and one conducted a midline survey in order to analyse the outcomes and impact of country programme interventions. In spite of the progress made, the availability of baseline data is still unsatisfactory. While midline surveys are optional and therefore not frequently available, endline surveys are increasingly being conducted as results-based country programmes that had carried out baseline surveys now draw to an end.

Figure 2: UNFPA Country Level Evaluative Activities 2002-2005



Evaluative activities relevant to tracking strategic goals

Country level

8. Strengthening results-based management is currently one of the main strategies for UNFPA to track its goals and to answer the question whether its assistance achieves the expected results, has a positive impact and uses the right strategies. Annually, UNFPA conducts a desk review of the self-reported data from the annual Fund-wide reports to assess progress in strengthening results-based management systems. To facilitate reporting, UNFPA has established the Impact-Track Remote Data Entry Facility for online completion of the country office annual reports. To expedite reporting and reduce workload, the reporting format was streamlined and simplified in 2005.

9. Overall, the evidence from the field indicates that countries are making progress in the use of strategic planning tools and application of the logical framework (logframe) and its indicators for designing and managing the programmes. About 60 per cent of the country offices are using problem tree and causality analysis planning tools; and 75 per cent are using stakeholder analyses. However, developing clear, realistic results statements, defining indicators to measure results, and establishing baseline data against which to measure progress remain a challenge.

10. An increasing number of country offices are establishing monitoring and evaluation systems. Countries like China, India, Philippines, Senegal, Viet Nam and Uganda have strong results-based

monitoring and evaluation systems. It has become a common practice to include indicator and strategy analysis in annual country programme reviews. In 2005, the proportion of country offices undertaking at least 75 per cent of the field visit monitoring plan was 69 per cent compared to 61 per cent in 2004. During 2004–2005, almost 90 per cent of the country offices conducted midyear and/or annual reviews of office management plans. Country offices are designating monitoring and evaluation focal points specifically charged with strengthening the national and internal monitoring and evaluation culture: in 2005, 65 countries had monitoring and evaluation focal points; nine countries had monitoring and evaluation officers; four countries had monitoring and evaluation units; and 18 countries had monitoring and evaluation working groups/task forces.

11. Supporting results-based management capacity is one of the main strategies employed by UNFPA to monitor the results of UNFPA assistance and country offices and CSTs are instrumental in this process. For example, in the reporting period, the CST in Bangkok was involved in the training of National Committees of Parliamentarians for Population and Development in monitoring and evaluation of advocacy interventions. In Lebanon, UNFPA trained national counterparts in the use of monitoring and evaluation tools. In Honduras, as a member of the National AIDS Monitoring and Evaluation Committee, UNFPA provided technical support. In Armenia, UNFPA has contributed to development of the indicators' framework for the poverty reduction strategy paper (PRSP). In Kyrgyzstan and Panama, UNFPA supported capacity development for national data collection and provided technical guidance on monitoring and evaluation tools.

12. In Pakistan, UNFPA built the capacity of the district managers of health departments in the use of information for decision-making, by imparting comprehensive training and providing monitoring tools. UNFPA also provided technical assistance for designing a software package to enter the service delivery record. A Geographic Information System (GIS) has been developed to map out the service delivery points in the focus districts to minimize duplication of activities and to provide managers with a planning tool. In Timor-Leste, UNFPA worked with the Ministry of Health to develop a standardized national reporting system on major reproductive health issues. In Turkey, UNFPA provided technical and financial support to establish a databank for population and development and the Millennium Development Goals (MDGs). In Kiribati, Samoa, Solomon Islands, Tuvalu, Vanuatu and Tonga, UNFPA supported the development of a comprehensive framework of indicators for programme monitoring and evaluation, which will facilitate data collection. In Zimbabwe, UNFPA contributed to the development of ZIMDAT, the Zimbabwe Statistics Database.

13. In many countries, as an active and effective partner in sector-wide approaches (SWAps), UNFPA plays an increased technical advisory role in monitoring and evaluation and participates in developing the joint monitoring and evaluation frameworks.

Intercountry programme

14. Major efforts were undertaken during 2004–2005 to strengthen the results-based management of the new UNFPA intercountry programme (2004–2007). The intercountry programme guidelines, issued in 2004, introduced new monitoring and evaluation requirements and mechanisms to ensure the shared focus of the intercountry programme projects; integration between regional and interregional programmes and country level programmes; coherence and conformity of the expected results of the individual projects with the intercountry programme outputs; and adequate tracking of the progress and the results. In 2005, to further strengthen the coordinated planning, monitoring and evaluation of the intercountry programme four thematic groups were formed around specific multi-year funding framework (MYFF)

outcomes and were tasked to ensure that projects were mutually supportive, logically sequenced in time, and jointly led towards quantified outputs that were relevant at the country level. The first annual review of the intercountry programme took place in April 2005. It underscored the importance of strengthening the integration between regional and interregional programmes and country level interventions. To address this issue, the review recommended that indicators be developed for the intercountry programme as a whole, and that UNFPA and its partners take these indicators as a starting point for determining project-level indicators. The review also recommended that quality monitoring and evaluation mechanisms should be an integral part of any project to be approved.

Headquarters

15. To support strengthening results-based management capacity in the field, UNFPA conducted five successful regional dialogues on results-based planning, monitoring and evaluation with CSTs and country office programme staff. According to pre- and post-dialogue evaluations, the regional dialogues resulted in an increase in participants' knowledge, skills and support for results-based planning, monitoring and evaluation. The dialogues have provided UNFPA with an overview of critical issues that need to be addressed. These include: assigning human resources specialized in monitoring and evaluation to UNFPA regional- and country-level operations; strengthening internal programme monitoring and evaluation systems; and improving the quality of evaluations in line with international standards. Based on the dialogue experience, UNFPA produced a set of learning tools for results-based planning, monitoring and evaluation with a human-rights based approach. UNFPA also approved a two-year programme quality assurance action plan with a focus on improvements of results-based management at headquarters.

16. To provide essential guidance on results-based planning, monitoring and evaluation to UNFPA programme and technical staff and national counterparts, the Programme Manager's Planning, Monitoring and Evaluation Toolkit has been updated. The toolkit is used by both UNFPA and national counterparts. In its efforts to share effective monitoring and evaluation approaches and audit practices and promote organizational learning, UNFPA expanded and updated its intranet site and maintained the UNFPA Evaluation Network.

17. An external evaluation of the Fund's Technical Advisory Programme (TAP), which includes the CSTs and the strategic partnership programme, was conducted in 2005 and found that the TAP plays an important role and should be extended for a two-year period, 2006-2007. The evaluation concluded that: (a) the TAP provides UNFPA with a coherent system with which to deliver technical support to countries; (b) the TAP has increased the accessibility and use of technical information and is a cost-effective way of supporting capacity-building at country, regional and subregional levels; and (c) the TAP has been instrumental in supporting country office implementation of United Nations reform processes. The evaluation noted that the implementation of the TAP required some adjustments to ensure that the programme remains effective and responsive to country needs in a changing environment.

Inter-agency collaboration

18. UNFPA continues to contribute to inter-agency collaboration at headquarters, regional and country levels. UNFPA has participated in the work of the United Nations Simplification and Harmonization Monitoring and Evaluation Working Group, in the development of three harmonized monitoring and evaluation tools -- the Annual Work Plan Monitoring Tool, the United Nations Development Assistance Framework (UNDAF) Annual Review, and the UNDAF Evaluation Guidance --

that were integrated into the United Nations Common Country Assessment (CCA)/UNDAF guidelines and UNFPA monitoring and evaluation policies and procedures.

19. UNFPA also continues to participate in the United Nations Evaluation Group (UNEG) and is actively engaged in professional discussions on evaluation matters with counterparts in other United Nations organizations. During the reporting period, UNFPA contributed to and benefited from several UNEG initiatives, including the survey on Evaluation Norms and Standards. The survey provided an opportunity for UNFPA to conduct a self-assessment of the organization's compliance with the United Nations Norms and Standards for Evaluation issued in 2005. UNFPA contributed extensively to the UNEG preparatory study on issues and options for United Nations agencies to conduct a series of joint country-level evaluations.

20. UNFPA is an active member of the UNAIDS Monitoring, Evaluation and Reporting Group (MERG) and the Co-sponsors Evaluation Working Group (CEWG). As a member of CEWG, UNFPA participated in the development of the Performance Monitoring Matrix for the 2006–2007 Unified Budget and Workplan.

III. THE QUALITY OF UNFPA EVALUATION WORK: KEY FINDINGS FROM THE 2005 META-EVALUATION

21. This section of the present report considers whether the Fund's decentralized evaluations meet recognized quality standards and help to support and inform implementation of organizational goals and priorities. It also asks whether these same evaluations provide reasonable assurance that UNFPA activities are not only relevant but also successfully achieving their intended results.

22. To address these issues, in 2005 UNFPA commissioned an evaluation quality assessment (EQA), the first systematic meta-type assessment of evaluation quality ever undertaken within UNFPA. The assessment built on similar exercises undertaken in other agencies and evaluation fora. The evaluation covered a three-year period (2002-2004) and sampled 60 decentralized evaluation reports. The assessment benefited from an inter-departmental reference group that provided guidance to the evaluation team, especially regarding methodological approach and recommendation formulation.

23. A detailed assessment matrix was developed. The matrix includes 28 assessment points based upon recognized international evaluation quality standards, including utility, feasibility, propriety and accuracy. Judgements were also made regarding the relevance of analytical content for assisting with current organizational priorities as outlined in the UNFPA 2002 Strategic Direction Positioning Statement. Those evaluations, which were found to be of the highest quality during the desk assessment phase were subsequently extended into "best practice" case studies involving follow-up field visits by the meta-evaluators. A major aim of these visits was to assess success factors and evaluation impact, including cost/benefit ratios.

24. The meta-evaluation assessed how well UNFPA evaluations met the minimal requirements of UNFPA evaluation policy delineated in the Fund's Policy and Procedures Manual. In that regard, a key finding was that 49 per cent of the resulting ratings were satisfactory or better. These results are similar to the findings of the same type of exercises undertaken by other United Nations agencies such as UNICEF. Relevant assessment points in this context included the quality of analytic content in relation to the five standard criteria of the Organisation for Economic Co-operation and Development (OECD)/Development Assistance Committee (DAC).

25. Use of the five OECD/DAC evaluation criteria was found to be one of the strengths of the evaluations. Overall, 57 per cent of the evaluations were rated as satisfactory or better on two or more of the five criteria. Analysis of efficiency, however, was found to be the most challenging with close to 60 per cent of reports not addressing the issue.

26. On one key point, relevance, the EQA looked specifically at how well each evaluation assessed:

- whether the design of the intervention was in line with national needs, and national policies and priorities as well as those of the target group;
- whether the intervention was in line with UNFPA policies and priorities, especially the Programme of Action of the 1994 International Conference on Population and Development (ICPD);
- whether synergies and complementarities existed between UNFPA intervention and those of other development partners;
- whether intervention results were relevant to stakeholder needs.

Sixty-three per cent of the UNFPA evaluations examined were rated satisfactory or better suggesting that UNFPA evaluations did assess the relevance of UNFPA activities. Only 3 per cent of evaluations provided no assessment of the relevance of UNFPA activities, while 34 per cent of the evaluations examined provided an inadequate assessment. The EQA also assessed the quality of lesson identification and found that 65 per cent of evaluations received satisfactory or better ratings.

27. UNFPA evaluations also succeeded in making evidence-based recommendations (78 per cent rated satisfactory or better). A constraining factor for promoting better evaluation use and impact was that 88 per cent of the evaluations did not provide a clear indication of intended use. Within the EQA best practice studies, there had been extensive follow-up to recommendations, especially when the evaluator had adopted a participatory approach. Five out of seven of the best quality evaluations within the case studies were also found to have positive cost/benefit ratios, i.e., the savings in programming were higher than the cost of evaluation.

28. The EQA also examined evaluation relevance for supporting and informing implementation of current organizational programmatic goals and priorities, especially as formulated in the 2002 Strategic Direction Positioning Statement. For this purpose, six good practice indicators were developed. Evidence was examined as to how well evaluations: (a) assessed UNFPA contribution to national capacity development; (b) enabled UNFPA to engage in evidence-based policy dialogue; (c) addressed cultural issues; (d) assessed national ownership effects of the intervention; (e) assessed partnership and alliance building strategies; and (f) provided an assessment of progress towards results-based management. These indicators were developed in relation to the main strategies identified in the current MYFF, 2004-2007.

29. The EQA analysis found that UNFPA activities make a strong contribution to national capacity development and national ownership. Half of the reports received satisfactory or better ratings on these two assessment points. The analysis of certain programmatic issues was found to be more limited (e.g., results-based management, cultural issues, building the evidence base for policy dialogue and examining partnership and alliance-building effects). The EQA included an assessment of how well decentralized evaluations assessed the results of UNFPA activities. The two most relevant evaluation criteria included in this context were the quality of the assessments of effectiveness and impact of the UNFPA interventions.

30. The best practice case studies helped provide further insights into contextual factors associated with effective evaluation practice. Some key findings in this context included the following:

- Terms of reference that clearly define evaluation purpose, use and users, methodology, objectives and process are one key element leading to higher quality evaluations.
- Programme design that plans for evaluation, for example, by including baseline and endline surveys, and ongoing monitoring and self-assessment systems, facilitates high quality evaluation results.
- High quality evaluation results depend upon country offices being well networked with high quality national evaluators. Mixed teams of national and international evaluators appear to be an optimal combination for achieving high quality evaluation results.
- Greater exposure to participatory evaluation techniques would be beneficial for UNFPA staff.

IV. EVALUATION FINDINGS RELEVANT TO UNFPA STRATEGIC PRIORITIES

Gender

31. Evaluation findings related to gender equality and the empowerment of women showed important achievements and also identified challenges. UNFPA accords the highest priority to gender and is engaged in diverse activities to support gender equality, equity and the empowerment of women. Several successes are noted at the policy level. Among these is the programme for strengthening the implementation of innovative and culturally sensitive integrated community-based reproductive health service delivery in the Upper East region of Ghana, and the Latin American regional programme on following up and monitoring ICPD through civil society organizations. At the policy level, the latter revealed successes in developing gender-sensitive databases to track national performance. Gender mainstreaming in information, education and communication (IEC) materials, and promoting male participation were two areas that proved to be challenging.

32. Numerous publications, papers, guidelines and training materials produced by UNFPA reflect the important recognition of gender equality and the empowerment of women as being essential to achieving reproductive health and sustainable development. Despite the growing number and variety of printed materials, there is a need for UNFPA staff to have greater clarity and practical guidance on gender mainstreaming in programming using a human rights and a culturally sensitive approach. To address this need, an appreciative assessment "Focusing on gender: an assessment of gender integration in UNFPA materials produced between 1997 and early 2005" examined the quality, packaging and design of gender-related messages being communicated to UNFPA staff as well as the utility and utilization of these materials. It also identified good practices in communicating gender concepts and their mainstreaming into all UNFPA materials. The assessment promoted a common understanding of what should be done at the organizational level to institutionalize strengths and achievements in current practice. The assessment used the appreciative approach, which is a participative, collaborative approach to evaluative activities involving stakeholders and seeking first of all to identify what works well and what leads to good practices with the ultimate aim of strengthening learning and organizational development.

33. The assessment concluded that during the period under review UNFPA produced many high-quality documents addressing gender as a cross-cutting factor, as well as a wide range of materials for staff to ensure the mainstreaming of gender in programmes and projects. Over time, UNFPA has refined its approach to gender mainstreaming, including the wider utilization of a culturally sensitive and rights-

based approach. This progress constitutes a potentially important contribution to meeting gender-related objectives of the ICPD Programme of Action and the MYFF. It is also conducive to achieving the MDGs and addresses the challenge of implementing human rights instruments such as the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) that are directly relevant to achieving gender equality through the empowerment of women.

34. The desk review revealed a number of challenges: progress in mainstreaming gender in UNFPA materials was uneven; the quality standards established for this assessment were not uniformly met in the publications; gender-sensitive language was not always used consistently; and gender analysis was not integrated into all types of publications and quality varied. The desk review noted that sometimes the target audience was unclear, thus limiting the assessment of the relevance of gender messages. It was noted that utility and utilization of the materials could be increased through: (a) additional operational guidance on how to mainstream gender; and (b) increased availability of publications, including in languages other than English.

35. Reducing gender-based violence, one of the most severe manifestations of gender inequity, is a key strategic goal of UNFPA. An evaluation of the UNFPA-supported pilot projects for addressing gender-based violence (GBV) in reproductive health clinics, which involved piloting a programme guide to GBV, highlighted the programme guide's contribution to the treatment of GBV as a public health priority, and demonstrated the feasibility and urgency of addressing non-health factors to improve women's reproductive health and guarantee their health rights. The programme guide provided UNFPA with an effective strategy to address GBV in clinic settings.

Reproductive health

36. Evaluation findings related to reproductive health revealed the positive results of policy advocacy for reproductive health. The main factors in successful policy dialogue were: establishing buy-in from key political figures, which requires developing a relationship with policymakers over time and ensuring resources are available to follow through with policies; integrated planning; and integrating UNFPA support into government programmes and infrastructure. The midterm review of the Viet Nam country programme found that the political support of policy makers from the central to local levels for the improvement of reproductive health care quality increased considerably. According to the evaluation of the programme on "Access to IEC and basic reproductive health services for adolescents" in Nicaragua, success resulted from the programme's being mainstreamed into both national and municipality level plans and policies.

37. Evaluations of reproductive health interventions focusing on adolescents showed that finding appropriate service delivery models to reach adolescents, particularly unmarried and/or rural adolescents, continues to be a challenge worldwide. More support for monitoring and evaluation of these service models is needed to identify the ones with highest impact and least cost since high-cost models will not be sustainable in most developing countries. A number of lessons can be distilled from the evaluations concerning how to work with communities, including adolescents, in order to improve sexual and reproductive health. Among these lessons are the following: the need to develop advocacy techniques tailored to specific audiences and contexts; the need to engage with teachers and parents; the use of peer educators; the use of interactive and participatory learning techniques; and a focus on the workplace.

38. Measuring the impact and relevance of UNFPA assistance and the progress towards global and national goals remains a challenge which the Fund is addressing, inter alia, by increasing the number of

impact evaluations. For example, a comprehensive impact evaluation of the African Youth Alliance (AYA) programme – an innovative multisectoral reproductive health/HIV-prevention programme implemented in Botswana, Ghana, Uganda and the United Republic of Tanzania – is in process and the final evaluation findings will become available in the last quarter of 2006. Availability of baseline and endline data is key for UNFPA to track the impact of its interventions. The endline survey conducted in Viet Nam found noticeable impact of UNFPA-funded reproductive health interventions. The survey showed, inter alia, that in the mountainous northern province of Ha Giang the proportion of deliveries assisted by trained health staff increased from 42.9 per cent to 57 per cent and the proportion of women having at least three antenatal care visits increased from 36 per cent to 66 per cent.

39. Reducing maternal mortality and morbidity is an essential commitment of UNFPA and a strategic priority. The final external evaluation of the programme Averting Maternal Death and Disability (AMDD) is in progress. The programme aimed to reduce maternal mortality and morbidity by focusing on critical emergency obstetric care interventions in low resource environments. The evaluation will examine what worked and what did not, including whether the UNFPA-supported AMDD project areas progressed better than other areas in terms of maternal health and delivery complications, and if so at what cost. The evaluation consists of endline needs assessments in the target areas using the same methods as the baseline needs assessments in order to assess impact of interventions. The evaluation will also compare the findings in the provinces where specific emergency obstetric care interventions have been implemented, with the provinces where the regular national programme has been implemented without a particular focus on emergency obstetric care.

Emergency and humanitarian assistance

40. Integration of reproductive health and rights into relief operations and emergency preparedness programmes is an important strategy of UNFPA. A wide range of evaluation activities conducted in 2004-2005 in this area generated many important lessons which are being used to refine UNFPA strategies and identify practical steps to systematize and scale up the UNFPA response to crisis, transition, recovery and prevention, as well as more efficient ways to meet the basic standards for reproductive health response in emergencies. Below are some highlights of the most important evaluations conducted in 2004–2005 that relate to UNFPA humanitarian assistance.

41. As a core member of the Inter-agency Working Group (IAWG) on Reproductive Health in Refugee Situations, UNFPA conducted a global evaluation on progress made in providing reproductive health services to refugees and internally displaced persons (IDPs) in the 10 years since the ICPD. Based on its findings, UNFPA has stepped up its training of partners in humanitarian assistance work on the Minimum Initial Service Package (MISP), gender-based violence and reproductive health. The evaluation has informed the current round of revisions of the reproductive health kits for crisis situations.

42. In 2005, UNFPA conducted the highly participatory evaluation of a UNFPA project focusing on internally displaced adolescents. The findings of the evaluation will be utilized to institutionalize gender and reproductive health concerns into humanitarian response and to expand services for adolescents.

43. In 2004, UNFPA, in collaboration with the Women's Commission for Refugee Women and Children, conducted a region-specific assessment of the MISP, which indicated that: (a) reproductive health services were not sufficiently available in eastern Chad refugee camps, particularly for pregnant women and rape survivors; and (b) condoms were not available to prevent pregnancy and HIV transmission.

44. During 2004–2005, UNFPA commissioned Columbia University to undertake several evaluations. An evaluation of existing HIV/AIDS and sexual and gender-based violence (SGBV) programming in Liberia assessed the levels of community response, available resources and gaps in programming. Recommendations for both immediate and long-term action are provided in the resulting report entitled "Roadmap to Recovery: Mapping HIV/AIDS and SGBV Programming Needs in Liberia".

45. In Sierra Leone, a rapid assessment of the Fund's comprehensive HIV/AIDS prevention programming was conducted with the objective of identifying programming gaps and weaknesses so as to advise UNFPA on possible methods to improve programmes for women in crises, ex-combatants and uniformed personnel. The UNFPA country office in Sierra Leone continues to work with various partners to address the identified gaps and to implement the proposed recommendations.

46. The inter-agency real-time evaluation of humanitarian operations in Darfur, Sudan, completed in 2005, produced 21 proposals for improvement, which fall under seven specific categories: collective accountability, planning and coordination, field presence, adopting a collaborative approach to the assistance and protection of IDPs, human rights protection, programming and advocacy.

Population and development

47. Evaluation findings related to population and development revealed the need for further strengthening the focus on individual and institutional capacity development. For example, the evaluation of the Indonesia country programme found that the population and development component had contributed to increased knowledge and understanding about population and gender issues among policy makers, law makers and programme planners. However, there had been a lack of emphasis on mainstreaming interventions into government planning processes. At the same time, positive results pertaining to population and development were found in the evaluations from several other countries, including Botswana, Burkina Faso, the Maldives and Myanmar.

48. For a number of years, UNFPA has been supporting the International Institute on Ageing (INIA) training programme. In 2005, UNFPA commissioned a tracer study of trainees of INIA in order to explore the use of training received by participants in their respective countries and to fine tune the Fund's own strategic direction in the area of population ageing. The tracer study report provided good recommendations, particularly with regard to increasing national capacity to address the needs of older persons and facilitating the development of networks among participants.

V. CONCLUSIONS AND FUTURE DIRECTIONS

49. There is clear evidence that a number of high quality evaluations are being carried out within UNFPA and that many of these have resulted in extensive follow-up to recommendations. There is also consistent support across UNFPA for building a stronger evaluation function and culture.

50. Evaluation activities in UNFPA, as a part of the risk management process, intend to serve the dual function of contributing to the improvement of policies and programming, and assessing the effectiveness and impact of the Fund's performance. To ensure that evaluation activities respond better to these tasks and contribute to the enhancement of the culture of risk management the following steps and changes are being undertaken.

51. As noted in the report on internal audit and oversight (DP/FPA/2006/4), UNFPA has re-engineered its oversight programme to incorporate programme and evaluation activities in a more elaborate way and to embed them in the risk model. Auditors and evaluators work as a team to provide independent assurance to management and governing bodies on how the Fund is managing risk and achieving impact. They also act as catalysts for improvements.

52. As a matter of priority, UNFPA continues enhancing the quality, utility and relevance of its evaluation work to ensure that it meets the criteria embedded in all existing standards like those of UNEG or other professional associations. The organization is developing a policy document with quality standards and criteria, which will help guide all future UNFPA evaluation activity and ensure better quality of evaluation results.

53. Measuring the impact of UNFPA activities remains an important challenge to be met by the forthcoming medium-term strategic plan (MTSP) for 2008–2011. There needs to be an increase in the number of evaluations focusing on strategic issues and building evidence of the impact of UNFPA assistance at the country level, and globally. This type of evaluation should form an important part of the Fund's results-based management system to assess UNFPA contribution to broader development results and outcomes. In this connection, UNFPA plans to accommodate two requirements mentioned earlier in DP/FPA/2005/7 (Part I): on the one hand, the organization needs to harmonize its strategies and their outputs to aggregate results for the evaluation of global impact; and on the other, it must evaluate innovative programme strategies and models to maintain its leading edge expertise. UNFPA will pay close attention to these issues in the preparation of the 2008–2011 MTSP, as well as in the conceptualization and design of innovative programme interventions.

54. Measuring impact and managing risks are two increasing demands on the evaluation and audit functions in UNFPA. As indicated in DP/FPA/2006/4, the revision of the oversight programme to encompass the dimensions of operational, external, and process risks is the first step to build synergies between the two functions. Quality assurance of evaluation, support to capacity-building in evaluation, thematic cross-cutting evaluations, and measurement of strategic impact are the cardinal evaluation functions that UNFPA undertakes in measuring effectiveness. When harmoniously articulated with the audit process, they will contribute to UNFPA efforts to better manage risk, and to be more competitive.

VI. RECOMMENDATION

55. The Executive Board may wish to take note of the present periodic report on evaluation (DP/FPA/2006/5).

United Nations DP/FPA/2006/6

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UNITED NATIONS POPULATION FUND

Extensions of country programmes in the Africa Region

Note by the Executive Director

Summary

The present note contains information on the one-year extensions of the country programmes for the Democratic Republic of the Congo, Lesotho, Malawi, Rwanda and Togo.

In accordance with established procedures, the Executive Director approves the first one-year extension of a country programme, while requests for extensions for a second year or two-year extensions are submitted to the Executive Board for approval.

The Executive Board may wish to take note of the one-year country programme extensions for the Democratic Republic of the Congo, Lesotho, Malawi, Rwanda and Togo, as indicated in the attached table.

06-32147 (E) 100506

One year extensions of country programmes approved by the Executive Director

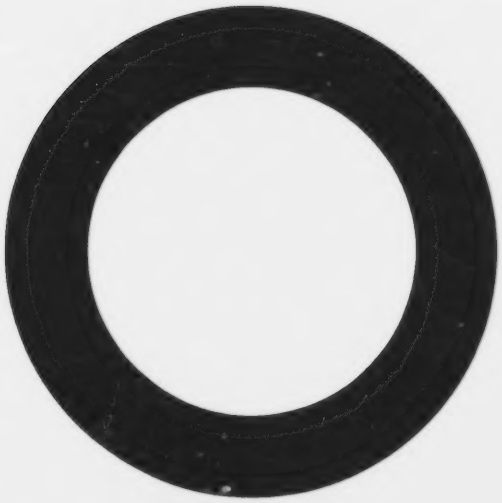
Country	Original programme period	Year proposed for extension	Reason and Explanation		
			United Nations harmonization	In-country political development	Implementation and/or other Issues
Democratic Republic of the Congo	2002-2006	2007	The harmonization of programme cycles is planned for 2008. The Executive Committee agencies of the United Nations Development Group (UNDG) have therefore requested one- or two-year programme extensions. UNFPA is also extending its programme for one year, through the end of 2007.	The country has been engaged in the political transition process since 2003. The organization of general elections is now expected to take place in June 2006. Initially, elections were to have taken place in 2005, which led the United Nations system to suspend its common country assessment (CCA)/United Nations Development Assistance Framework (UNDAF) process, in order to respond to the national priorities as determined by a democratically elected government.	The need for assistance in the area of population and development remains great for the following reasons: (a) The lack of baseline data for monitoring development plan indicators. The only general population census of the country took place in 1984. (b) The total fertility rate is among the highest on the African continent, with an average of 7 children per woman. Twenty per cent of girls become mothers before age 20. (c) The utilization of modern contraceptive methods is weak (4.4 per cent) and sociocultural obstacles are numerous. (d) Maternal mortality remains very high at 1,289 deaths per 100,000 live births. (e) HIV prevalence is 5 per cent. Programme outputs to be achieved during the one-year extension remain the same as those formulated for the 2002-2006 programme.

One year extensions of country programmes approved by the Executive Director

Country	Original programme period	Year proposed for extension	Reason and Explanation		
			United Nations harmonization	In-country political development	Implementation and/or other issues
Lesotho	2004-2006	2007	The UNFPA country programme is being extended until the end of 2007 for the following reasons: (a) to enable better implementation of the programme; and (b) to facilitate the synchronization of the UNFPA-supported programme with the programmes of partner UNDG agencies in Lesotho (UNDP, UNICEF and WFP).	In 2002, Lesotho embarked upon a new electoral model that guarantees wider representation in the political system. In order to deepen democracy, Lesotho held its first-ever local government elections in 2005. This is expected to promote decentralized administration. Thirty per cent of the seats in the above elections were allocated to women. This demonstrates the commitment of the Government to gender equity. Preparations are under way for a national population and housing census (2006) and national and local government elections (2007).	Progr[illegible]mme support will be directed at critical preparatory activities of major interventions in the fourth country programme and other initiatives, including the 2006 population and housing census; implementation of the reproductive health commodity security strategy; and the Lesotho road map for the reduction of maternal mortality.
Malawi	2002-2006	2007	UNDP, UNICEF and WFP are also extending their country programmes for one year.	The Government of Malawi has just completed its new poverty reduction strategy document, the Malawi Growth and Development Strategy. The document will be finalized by the end of March 2006. The United Nations country team wishes to ensure full synchronization of United Nations country programming with the government planning process. The delay in the finalization of the Malawi Growth and Development Strategy has affected the United Nations planning process.	Several local donors such as the Department for International Development of the United Kingdom, the European Union and the World Bank are also adjusting their country planning schedules to match the national time line.

One year extensions of country programmes approved by the Executive Director

Country	Original programme period	Year proposed for extension	Reason and Explanation		
			United Nations harmonization	In-country political development	Implementation and/or other Issues
Rwanda	2002-2006	2007	The one-year extension of the current country programme is required in order to harmonize the UNFPA programme cycle with UNDP and other United Nations country team agencies that are also extending their programmes for one year.	The country is in the process of developing a new economic development and poverty reduction strategy for the next five years. All United Nations agencies and development partners will align their new country programmes to this cycle. The economic development and poverty reduction strategy process is expected to be completed in March 2007; implementation is to begin in 2008.	The one-year extension of the country programme will enable UNFPA as well as other United Nations partners to harmonize their cycles with the new programming process of the Government and to take into account the priorities identified in the economic development and poverty reduction strategy as well as the new aid policy. Due to the new internal administrative structure of provinces and districts, the Government will likely request UNFPA to expand its current area of intervention to cover the whole of the Western province and, eventually, the whole of the Eastern province.
Togo	2002-2006	2007	UNFPA, UNDP and UNICEF have a harmonized programme cycle covering the period 2002-2006, and are jointly proposing one-year programme extensions, through 2007.	The death of President Eyadema in February 2005 unleashed a political power struggle; a constitutional and post-presidential electoral crisis; and the subsequent formation of a coalition government. As a result, the United Nations country team agencies decided to extend their country programmes by one year, through 2007. This will enable studies to be undertaken focusing on the socio-political and security situation, and the socio-economic vulnerability of the population. Based on the results of the studies, the United Nations country team and other stakeholders will readjust their priorities and strategies to address the new dynamics created by the crisis.	The current country programme provides an adequate framework for all UNFPA-supported projects being implemented in Togo.



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Extensions of country programmes in the Arab States, Europe and Central Asia Region

Note by the Executive Director

Summary

The present note contains information on the one-year extensions of the country programmes for Lebanon and the Sudan.

In accordance with established procedures, the Executive Director approves the first one-year extension of a country programme, while requests for extensions for a second year or two-year extensions are submitted to the Executive Board for approval.

The Executive Board may wish to take note of the one-year country programme extensions for Lebanon and the Sudan, as indicated in the attached table.

06-31826 (E) 090506

One-year extensions of country programmes approved by the Executive Director

Country	Original programme period	Year proposed for extension	Reason and Explanation		
			United Nations harmonization	In-country political development	Implementation and/or other Issues
Lebanon	2002-2006	2007	In view of the situation in Lebanon and its effect on the work of the United Nations system, particularly the Executive Committee agencies of the United Nations Development Group, the United Nations country team and its principal national counterpart, the Council for Development and Reconstruction, decided to extend the present United Nations Development Assistance Framework (UNDAF) by one year, through 2007. A new UNDAF will be prepared for the period 2008-2012.	From the beginning of 2005, there have been four successive changes of Government. This was considered a major constraint for engaging government counterparts in initiating and implementing the common country assessment (CCA)/UNDAF process. In addition, the security situation and political turmoil throughout 2005 added to the delays caused by the change of Government. While the United Nations country team had embarked on the preparatory work to initiate the CCA/UNDAF process in January 2005, it was only in August of 2005, following the formation of the present Government and the adoption by parliament of the Council of Ministers' policy platform, with its comprehensive priority reform agenda, that the United Nations country team could resume its role in initiating the CCA process.	The current country programme provides an adequate framework for all UNFPA-supported projects in Lebanon given its alignment with the government policy statement. The programme may therefore be extended by one year.

Country	Original programme period	Year proposed for extension	Reason and explanation		
			United Nations harmonization	In-country political development	Implementation and/or other issues
Sudan	2002-2006	2007	In view of the changing situation in the country, the United Nations country team decided that the present UNDAF should be extended to cover 2007 and that a new UNDAF should be prepared for 2008-2011.	On 9 January 2005, the Government of the Sudan and the Sudan People's Liberation Movement/Sudan People's Liberation Army signed the Comprehensive Peace Agreement. Following the peace agreement, a joint assessment mission developed a framework that provides a road map for recovery and development. However, humanitarian needs continue to arise in many parts of the country. By the end of the pre-interim period (9 July 2005), the Government had approved the interim national constitution.	The current country programme provides an adequate framework to implement UNFPA projects and activities in response to emerging needs. UNFPA, as the lead partner with national entities in conducting the national census, has positioned itself to play an active role in the census process. UNFPA has also been selected as the lead coordination agency in combating gender-based violence. UNFPA is strengthening its programme operations in Southern Sudan in line with the new opportunities brought about by the Comprehensive Peace Agreement.

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Extensions of country programmes in the Asia and the Pacific Region

Note by the Executive Director

Summary

The present note contains information on the one-year extensions of the country programmes for Bhutan, Nepal and Sri Lanka.

In accordance with established procedures, the Executive Director approves the first one-year extension of a country programme, while requests for extensions for a second year or two-year extensions are submitted to the Executive Board for approval.

The Executive Board may wish to take note of the one-year country programme extensions for Bhutan, Nepal and Sri Lanka.

06-32144 (E) 100506

One year extensions of country programmes approved by the Executive Director

Country	Original programme period	Year proposed for extension	Reason and Explanation		
			United Nations harmonization	In-country political development	Implementation and/or other Issues
Bhutan	2002-2006	2007	The United Nations Development Group (UNDG) Executive Committee agencies in Bhutan recognize the value of preparing a joint country programme for the next United Nations Development Assistance Framework (UNDAF) cycle. All UNDG Executive Committee agencies in Bhutan have extended their country programmes by one year in order to align them with the government national planning cycle.	The preparation of the tenth plan for Bhutan has been delayed by one year. It is likely to begin in 2008. The Government has expressed its wish that the next UNDAF be postponed to 2008, in order to better align it with the national planning cycle.	The current programme of assistance provides an adequate framework for all UNFPA-supported projects being implemented in Bhutan.
Nepal	2002-2006	2007	United Nations agency programmes have been harmonized. Both UNDP and UNICEF have extended their country programmes for one year, through 2007.	The emerging socio-economic development in-country warrants a one-year extension of the current country programme.	Heightened security resulted in difficulties in delivering and monitoring services to communities outside Kathmandu valley. All United Nations agencies are adjusting their country programmes to reflect this reality. UNFPA is taking a leadership role in this process. In this environment, UNFPA intends to consolidate its geographical presence and focus on delivering integrated programmes, including reproductive health, gender, and programmes to combat gender-based violence, to communities most affected by the security situation

One year extensions of country programmes approved by the Executive Director

Country	Original programme period	Year proposed for extension	Reason and Explanation		
			United Nations harmonization	In-country political development	Implementation and/or other Issues
Sri Lanka	2002-2006	2007	UNDP, UNICEF and WFP are also proposing one-year country programme extensions.	Due to the tsunami disaster that struck Sri Lanka on 26 December 2004, the common country assessment and UNDAF plans were postponed by one year, with much of the attention in 2005 on tsunami relief and recovery efforts. A new government was elected in November 2005. Plans are now under way to resume the peace talks. A new national development plan for Sri Lanka is also being formulated.	The current programme of assistance provides an adequate framework for all UNFPA-supported projects being implemented in Sri Lanka.